

# MISC-1 Employer Responsibilities

## ***Introduction***

*This bulletin describes your New Jersey tax responsibilities as an employer or other person required to withhold New Jersey income tax and other applicable payroll taxes. It explains the requirements for withholding, reporting and remitting the tax(es). It also explains the forms you must provide to your employees, those your employees must give you and those you must submit to the State.*

## **General Information**

An employer is any person or organization for whom an individual performs a service as an *employee*. An employer usually provides the employee with the tools and place to work and has the right to fire the worker. An employer must withhold income tax from wages paid to an employee. In general, income tax is *not* withheld from payments made to a self-employed individual.

The term “employer” includes organizations that may be exempt from Federal income tax or New Jersey Corporation Business Tax, such as religious or charitable organizations and governmental agencies.

The term “employee” refers to an individual who performs services for a person or organization with whom the individual has established the legal relationship of employer and employee. In general, anyone who performs services is an employee if the employer can control what will be done and how it will be done.

As a rule, people who are in business for themselves are not employees. For example, doctors, lawyers, construction contractors, or others in an independent trade or profession who offer their services to the public are generally not employees. A sole proprietor or a partner in a partnership is never an employee of his or her own business. However, in some cases, an officer of a corporation may be an employee of the corporation.

A number of factors are considered in determining whether an employer/employee relationship exists. When there is any doubt, the determination of whether someone is an employee or self-employed is based on a review of the circumstances of the entire relationship and the special facts in each case. If an employer/employee relationship exists, it does not matter that the employee may be called a “partner,” “agent,” or “independent contractor.”

For more information refer to the *New Jersey Gross Income Tax Instruction Booklet for Employers, Payors of Pension and Annuity Income and Payors of Gambling Winnings* (NJ-WT).

## **Registration**

All businesses and other employers operating within New Jersey must register with the State for tax purposes by filing a Business Registration Application (Form NJ-REG) at least 15 business days prior to commencing business or opening an additional place of business. Registration ensures that the business (or other employer) will be sent the forms, returns, instructions, and other information needed to comply with New Jersey’s tax and employer requirements. There is no fee for filing the general registration portion of Form NJ-REG.

Certain business entities (corporations, limited liability companies, limited partnerships, and limited liability partnerships) are also required to complete the Public Records Filing for New Business Entity portion of Form NJ-REG. There is a fee associated with the public records filing.

Forms and instructions for business registration and public records filing are available both in the *New Jersey Complete Business Registration Package* and on the Division of Revenue’s New Jersey Business Gateway Services Web site (see *Online Registration* below).

Filing Form NJ-REG with the New Jersey Division of Revenue automatically registers a new business for the taxes, fees, and related liabilities administered by the following New Jersey agencies:

- Division of Taxation for employer withholding of gross income tax, sales tax, etc.;
- Division of Employer Accounts in the Department of Labor for unemployment and disability insurance; and
- Secretary of State for public records filing (if applicable).

Forms and filing instructions for all taxes which a new business may be subject to will be mailed once the NJ-REG application is received and processed (see *Reporting Forms* on page 6). Payers of pensions and annuities also see *Withholding from Pension and Annuity Income* on page 20 for additional withholding requirements.

## **Online Registration**

Form NJ-REG may be filed online from the Division of Revenue’s New Jersey Business Gateway Services Web site:

**[www.state.nj.us/njbgs/](http://www.state.nj.us/njbgs/)**

The public records filing required for corporations, limited liability companies, limited partnerships, and limited liability partnerships may also be completed online from this Web site.

**Walk-in Registration**

Business registration and public records filing may be completed in person at the Division of Revenue's Business Services Branch located at 225 West State Street, Trenton, New Jersey.

**Employer Identification Number**

When registering, employers must provide the State with the Federal employer identification number (FEIN) assigned to them by the IRS. The registrant's New Jersey tax identification number will be based on the Federal number. If an employer has not yet been assigned an FEIN, the State will assign a temporary number for New Jersey purposes. The applicant should notify the State as soon as the Federal identification number has been obtained.

**Withholding NJ Income Tax**

Every employer maintaining an office or transacting business within this State is required to register in New Jersey and withhold New Jersey income tax from compensation paid to both resident and nonresident employees working in this State. See *PA Residents Working in New Jersey* on page 4 for the only exception.

**Compensation.** In general, anything regarded as "wages" for Federal withholding purposes is subject to withholding for New Jersey income tax purposes. This includes wages, salaries, commissions, tips, bonuses, sales awards, and other remuneration received for services rendered. However, the amount subject to withholding for New Jersey income tax purposes may differ from the amount subject to Federal withholding. For example, employee contributions to deferred compensation plans (other than 401(k) plans) are included in "wages" for

New Jersey purposes and are subject to withholding in the year the wages are earned, even though such contributions are not subject to Federal income tax withholding.

**Meals and Lodging.** Generally, meals and lodging that are excluded from an employee's wages for Federal purposes may also be excluded for New Jersey purposes.

**Pension and Annuity Payments.** Payers of pensions and annuities are required to withhold New Jersey income tax when asked to do so by the recipient of the pension or annuity. See *Withholding from Pension and Annuity Income* on page 20.

**Commuter Transportation Benefits.** Certain amounts paid to employees as commuter transportation benefits are excludable from New Jersey gross income and therefore not subject to New Jersey withholding. See *Commuter Transportation Benefits* on page 21.

**Cafeteria Plans.** Generally, any amounts which an employee may withdraw from a cafeteria plan in cash are to be treated as wages and included in New Jersey gross income, even if the employee elects to receive qualified benefits instead of cash. For more information and exceptions, refer to publication NJ-WT.

**Medical Savings Accounts.** Contributions to medical savings accounts are not subject to New Jersey withholding provided such contributions are excludable from wages for Federal income tax purposes.

**Gambling Winnings.** Certain gambling winnings are subject to withholding. For information on the requirements for withholding New Jersey income tax from gambling winnings, see publication NJ-WT.

### **Federal “Statutory” Employees**

The Federal designation of “statutory employee” has no meaning for New Jersey gross income tax purposes. If, under New Jersey law, an employer/employee relationship exists between the payer and recipient of income subject to New Jersey gross income tax, the employer must withhold New Jersey gross income tax from such payments. N.J.A.C. 18:35-7.1.

### **Household Employees**

It is not mandatory for an employer to withhold New Jersey gross income tax from wages paid to domestic workers if the employer is not required to withhold for Federal income tax purposes. However, if Federal withholdings are required, or if the employee elects to have Federal income tax withheld, New Jersey gross income tax must also be withheld unless the employee claims exemption from New Jersey income tax because his or her total annual income is expected to be below the minimum filing threshold amount. See *Exemption from Withholding* on page 5.

Employers whose only employees are household workers may report and remit gross income tax withholdings and unemployment and disability insurance contributions (UI/DI) for those workers on an annual basis. See *Annual Payers* on page 8.

### **PA Residents Working in New Jersey**

Under the terms of the New Jersey/Pennsylvania Reciprocal Personal Income Tax Agreement, *compensation* paid to a Pennsylvania resident employed in New Jersey is taxable to Pennsylvania and exempt from New Jersey income tax. Likewise, *compensation* earned in

Pennsylvania by a New Jersey resident is subject to New Jersey income tax but not to Pennsylvania personal income tax. Compensation means salaries, wages, tips, fees, commissions, bonuses, and other payments received for services rendered as an employee. The agreement does not pertain to sources of income other than employee compensation. For example, profits derived from a business, trade, or profession by a self-employed person are taxable in the state in which they are earned.

New Jersey employers are not permitted to withhold New Jersey income tax from compensation paid to a Pennsylvania resident employee if the employee completes an Employee’s Certificate of Non-Residence in New Jersey (Form NJ-165). If the Pennsylvania resident fails to provide the employer with a completed Form NJ-165, the employer must withhold New Jersey income tax just as he would for any other employee. When Form NJ-165 is completed by an employee, the employer may wish to register with the Pennsylvania Department of Revenue to withhold Pennsylvania income tax from the employee’s wages.

### **Out-of-State Businesses**

An out-of-State business which does not maintain an office or otherwise transact business within New Jersey may voluntarily register with this State to withhold New Jersey income tax from the wages of its New Jersey resident employees. Employers registered with New Jersey must withhold New Jersey income tax from the wages of New Jersey residents employed totally outside New Jersey whenever:

- The employee is not subject to withholding tax by the other state (e.g., Pennsylvania) **or**

- The amount of withholdings required by the other state is less than the amount required by New Jersey.

When withholdings are required by the other state but the amount required by New Jersey is greater, the employer must withhold and remit the difference between the required New Jersey withholdings and the tax withheld for the other state. Only employers or other withholders who are registered in New Jersey are authorized to withhold New Jersey income tax.

### **Tax Withheld in Trust**

A registered employer or other authorized withholder of New Jersey income tax is acting as a trustee for the State of New Jersey. The amount withheld must be remitted to the State in payment of the accrued income tax liability of the individual(s) from whose wages or payments the funds were deducted. The law provides that business owners, partners, corporate officers, and some employees may be *personally liable* for the amount of all such tax withheld. Penalties and interest will be imposed for failure to withhold and remit the tax on a timely basis.

### **Computing the Amount of Income Tax to Withhold**

To determine the amount of New Jersey gross income tax to withhold, the employer must use the approved withholding tables or methods issued by the Division of Taxation in publications NJ-WT and NJ-WT Supplemental, *Supplemental Withholding Tables*.

### **Withholding Allowance Certificates (Federal Form W-4 and Form NJ-W4)**

To begin withholding from an employee's wages, the employer must require that the employee complete and sign a Federal Form W-4, Employee's Withholding Allowance Certificate.

Employers are required to provide every employee with a New Jersey Employee's Withholding Allowance Certificate (Form NJ-W4). However, employees are not required to complete Form NJ-W4.

If an employee elects to complete Form NJ-W4, the employer uses the information indicated on that form to determine the amount of New Jersey income tax to withhold from the employee's wages. If the employee does not complete Form NJ-W4, the employer uses the marital status and number of exemptions on the employee's Federal Form W-4 to determine the amount of New Jersey income tax that must be withheld.

If an employee does not give the employer a properly completed Federal W-4 or NJ-W4, or if the employee claims a number of exemptions that the employer knows to be false, the employer must treat the employee as a single individual with no exemptions for New Jersey income tax withholding purposes.

### **Exemption from Withholding**

Employees whose total income for the year from all sources will not exceed the minimum filing threshold amount of \$20,000 (filing status married, filing joint return; head of household; or qualifying widow(er)) or \$10,000 (filing status single or married, filing separate return) may claim exemption from

withholding of New Jersey income tax by completing Line 6 of Form NJ-W4. *This exemption is good for one year only.* Employees claiming exemption from withholding must resubmit Form NJ-W4 to their employer each year to certify their exemption.

A copy of Form NJ-W4 (which may be reproduced) is contained in the NJ-WT booklet that is sent to employers after they have registered with the State. For information concerning Form NJ-W4 or to order additional copies of this form, contact the Division of Taxation's Customer Service Center at 609-292-6400.

For information concerning Federal Form W-4, call the IRS toll free at 1-800-829-1040 or visit an IRS District Office. To order Federal W-4 forms, call the IRS toll free at 1-800-829-3676.

## **Remitting Tax Withheld**

### **Reporting Forms**

A business that registers with New Jersey as an employer or other withholder will automatically be sent the following computer-generated forms for reporting employee wages and reporting and remitting New Jersey gross income tax withholdings and contributions for unemployment insurance/health care subsidy fund/workforce development partnership fund and disability insurance (UI/DI contributions):

- Form NJ-500, Monthly Remittance of Gross Income Tax Withheld
- Form NJ-927, Employer's Quarterly Report (Form NJ-927-W for employers whose prior year gross income tax withholding liability was \$20,000 or more)

- Form NJ-927-H, Domestic Employer's Annual Report (for employers whose only employees are household workers)
- Form WR-30, Employer Report of Wages Paid
- Form NJ-W-3, Gross Income Tax Annual Reconciliation of Tax Withheld.

New registrants will receive their initial supply of forms within four weeks after registering. Thereafter, employers will be sent a packet of reporting forms and filing instructions at the end of each calendar quarter. All forms are pre-printed with the employer's name, address and New Jersey tax identification number.

The quarterly packet will contain Form NJ-927 (or NJ-927-W) and Form WR-30 for the quarter just ended. NJ-500 forms for the first two months of the next calendar quarter are included for employers who may be required to remit withholdings on a monthly basis. The annual reconciliation (Form NJ-W-3) is included with the December quarterly mailing.

An employer who has not received the required reporting forms within four weeks after registering should contact the Division of Taxation's Customer Service Center at: 609-292-6400.

### **Filing Frequency**

In general, the frequency with which New Jersey gross income tax withholdings must be reported and remitted to the State depends on the amount of tax withheld (not including UI/DI contributions). Employers classified as "weekly payers" must remit withholdings based on the length of their pay period. See *Weekly Payers* on page 7.

### **Employer's Quarterly Report**

Most employers are required to file an Employer's Quarterly Report (Form NJ-927 or NJ-927-W) for each calendar quarter, even if no tax or UI/DI contributions were withheld during that particular quarter. Quarterly reports are due on or before the 30th day of the month following the end of each quarter.

In addition to filing a quarterly report, certain employers must remit withholdings by electronic means after each payday on which taxes were withheld, while still others are required to make monthly remittances of gross income tax withheld.

### **Weekly Payers**

An employer or other withholder of New Jersey gross income tax is designated a "weekly payer" if the amount of tax withheld during the prior tax year was \$20,000 or more.

Weekly taxpayers are required to remit taxes withheld by means of Electronic Funds Transfer (EFT) on or before Wednesday of the week following the week containing the payday(s) on which the taxes were withheld. For purposes of this requirement, a week runs from Sunday through Saturday. How often a particular weekly payer must actually remit withheld taxes depends on the frequency of that specific taxpayer's payroll period or payment disbursement cycle and may, therefore, be weekly, semimonthly, monthly, etc. Weekly payers use Form NJ-927-W to file their quarterly reports.

**NOTE:** UI/DI contributions are not gross income tax withholdings for purposes of determining weekly payer status.

### **Example 1**

The XYZ corporation pays its employees on a semimonthly basis. In calendar year 2001, XYZ withheld \$24,786 in New Jersey income tax from the wages of those employees. Since prior year withholdings exceeded \$20,000, this employer is classified as a weekly payer and must remit New Jersey income tax withholdings to the State via EFT during 2002.

Assuming that XYZ's regular paydays occur on the 15th day and last day of each month, the amount of tax withheld on the first payday of year 2002 (January 15) must be remitted to the State via EFT no later than January 23, 2002 (Wednesday of the week following the week containing the pay date). The amount of tax withheld on the January 31, 2002 payday must be remitted to the State by February 6, 2002.

If XYZ paid its employees on a biweekly basis every other Thursday instead of semimonthly, the amount of tax withheld on the first payday of year 2002 (January 3, 2002) must be remitted to the State via EFT no later than January 9, 2002; the amount of tax withheld on the January 17, 2002 payday must be remitted by January 23, 2002; and the amount withheld on the January 31, 2002 payday is due by February 6, 2002; etc.

### **Monthly/Quarterly Payers**

Employers not required to pay tax as "weekly payers" use Form NJ-927 to file their quarterly reports. In addition, these employers may be required to make monthly remittances for month one and/or month two of the quarter using Form NJ-500.

Monthly remittances are only required for either of the first two months of a quarter in

which the amount of income tax withheld (not including UI/DI contributions) is \$500 or more. The tax withheld for that month must be remitted by the 15th day of the following month using monthly remittance Form NJ-500. When the amount of tax withheld in month one or month two of a calendar quarter is less than \$500, no monthly remittance is necessary for that month and Form NJ-500 need not be filed. Instead, the amount withheld should be remitted with the Employer's Quarterly Report (Form NJ-927).

When filing Form NJ-927, monthly/quarterly payers must remit the amount of gross income tax withheld during the third month of the quarter plus any amounts withheld for either of the first two months of the quarter that were not previously paid with a monthly remittance. The quarterly amount due for UI/DI contributions must also be remitted with Form NJ-927.

### ***Example 2***

Employer A withheld \$200 in April, \$600 in May, and \$350 in June. This employer need not make a monthly payment for April, must file Form NJ-500 and remit the \$600 withheld in May no later than June 15th, and will remit the \$200 withheld in April and the \$350 withheld in June when the Employer's Quarterly Report (Form NJ-927) for the second quarter is filed no later than July 30th.

### **Annual Payers**

Those who employ only domestic workers may report and remit gross income tax withholdings and UI/DI contributions on an annual basis using Form NJ-927-H, Domestic Employer's Annual Report. The report is due on or before the 30th day of January following the close of the calendar year. For tax year 2000, annual

payers were required to file Form WR-30 on a quarterly basis. For tax year 2001 and thereafter, employers of domestic workers will file Form WR-30 annually with their NJ-927-H.

**NOTE:** Employers with both domestic service workers and other employees may not use Form NJ-927-H. These employers must file Form NJ-927 or NJ-927-W each quarter.

### **Seasonal Businesses**

Seasonal employers are subject to the same payment and filing requirements outlined in this publication for other employers.

### **Online Filing of Employer Reports**

Both the Employer's Quarterly Report (Form NJ-927/NJ-927-W) and the Employer Report of Wages Paid (Form WR-30) may be filed online at the Division of Revenue's New Jersey Business Gateway Services Web site ([www.state.nj.us/njbgs/](http://www.state.nj.us/njbgs/)). Online filers may remit taxes and UI/DI contributions by credit card, electronic check, or via EFT. See *Methods of Payment* on page 11.

To access New Jersey's online filing services, the user must enter the Personal Identification Number (PIN) assigned by the State. This number is included in the employer's quarterly forms mailing.

### ***Example 3***

Alloway Bookbinding, Inc. ordinarily employs five regular technicians. When a special project necessitated the addition of two temporary employees for the month of July, the amount of New Jersey gross income tax withheld from the wages of all seven employees totaled \$520.60 for the month.





[illegible]

Employer's Quarterly Report - NJ-927											
<p>Subject to the penalties of perjury, I hereby certify that this return, to the best of my knowledge and belief, is a true and correct statement.</p>											
Taxpayer Signature _____				Title _____							
Date _____				Telephone _____							
Preparer Signature _____				Date _____							
Firm Name (or yours if self-employed) _____				Preparer/Firm ID No. _____							
Firm Address _____											
<p>The number of workers employed during pay period, which includes the 12<sup>th</sup> day of each month.</p>											
				1st		2nd		3rd			
				1st		2nd		3rd			
				1st		2nd		3rd			
<p>The number of covered workers insured under "Private Plan" during the pay period, which includes the 12<sup>th</sup> day of the 3<sup>rd</sup> month.</p>											
				1st		2nd		3rd			
				1st		2nd		3rd			
				1st		2nd		3rd			
<h3>GROSS INCOME TAX WITHHELD</h3>											
1. Month 1 .... \$				1st		2nd		3rd			
2. Month 2 .... \$				1st		2nd		3rd			
3. Month 3 .... \$				1st		2nd		3rd			
4. GIT Withheld for Quarter. (Carry to Line 7 on Front.)				1st		2nd		3rd			

## **Additional Filing Requirements**

### **Form WR-30**

Every New Jersey employer is required to file an Employer Report of Wages Paid (Form WR-30) by the 30th day of the month following the close of each calendar quarter. This report provides the Department of Labor with the data necessary to determine employee eligibility for unemployment and disability benefits and must be filed even if no wages were paid during the quarter.

Employers with more than 50 employees must file Form WR-30 by electronic means (magnetic tape/cartridge, diskette, online, or e-mail attachment). Information about filing Form WR-30 electronically may be obtained by calling the Alternative Filing Branch at 609-984-7988.

**NOTE:** The Employer Report of Wages Paid (Form WR-30) never requires an accompanying payment. However, penalties will be assessed if the report is not filed by the due date.

### **New Hire Reporting**

All New Jersey employers are required to report certain basic information about every newly-hired or rehired employee. The information is used to help locate parents who owe child support and to identify recipients of public assistance and unemployment compensation who fail to report earnings. New Hire Reporting Forms and filing instructions can be found in the *New Jersey Complete Business Registration Package* and on the New Hire Web site at: **[www.nj-newhire.com](http://www.nj-newhire.com)** or by

calling  
1-877-NJ-HIRES.

## **Methods of Payment**

### **Electronic Funds Transfer (EFT)**

Business taxpayers with a prior year liability of \$20,000 or more in any one tax are required to pay *all* of their State taxes by EFT. UI/DI contributions are not considered when determining if EFT payments are required. Employers may elect to submit payments of gross income tax withheld via EFT even when not required to do so. Remitting quarterly UI/DI contributions via EFT is voluntary.

The fact that a taxpayer is required (or elects) to pay their taxes via EFT does not necessarily classify that taxpayer as a “weekly payer” for gross income tax withholding purposes. The designation “weekly payer” applies only if the amount of New Jersey gross income tax withheld in the prior year was \$20,000 or more. If the \$20,000 tax liability was for a tax other than gross income tax withholding, the employer or other withholder must remit any income tax withheld via EFT, but only with the frequency required of taxpayers classified as monthly/quarterly payers.

To register or to obtain more information about the EFT program, write to:

NJ DIVISION OF REVENUE  
EFT GROUP  
PO BOX 191  
TRENTON NJ 08646-0191

or call 609-984-9830.

### **Credit Card**

Monthly/quarterly payers who choose not to participate in the EFT program may elect to pay quarterly amounts of withheld taxes and contributions due using an American Express, MasterCard or Discover/Novus credit card. Payments cannot be made with a Visa card. Credit card payments can be made by phone (1-800-2PAYTAX) or over the Internet ([www.officialpayments.com](http://www.officialpayments.com)). A fee equal to 2.5% of the payment amount will automatically be added to the transaction.

### **Electronic Check**

Employers who do not participate in the EFT program and who file their quarterly report (Form NJ-927) online at the Division of Revenue's New Jersey Business Gateway Services Web site ([www.state.nj.us/njbgs/](http://www.state.nj.us/njbgs/)) can pay quarterly amounts due by electronic check by entering their bank's routing number and account number.

### **Online Filing/Payment Services**

New Jersey's online tax filing and payment services are continually being updated and expanded. The New Jersey Business Gateway Services Web site ([www.state.nj.us/njbgs/](http://www.state.nj.us/njbgs/)) and the Division of Taxation's Web site ([www.state.nj.us/treasury/taxation/](http://www.state.nj.us/treasury/taxation/)) contain current information on available services.

### **Due Dates**

- Employer's Quarterly Reports (Form NJ-927 or NJ-927-W) and the Employer Report of Wages Paid (Form WR-30) are both due on or before the 30th day of the month following the last month of each calendar quarter. No payment is due with Form WR-30.

- Monthly Remittances of gross income tax withheld (Form NJ-500) are due by the 15th day of the month following the withholding month.
- Domestic Employer's Annual Reports (Form NJ-927-H) and the associated Employer Report of Wages Paid (Form WR-30) are both due by January 30 following the close of the calendar year.

If a payment due date is imminent or has passed, and the taxpayer has not yet received the appropriate forms, any tax due should be remitted by making informal filings until the withholding return forms are received. See *Informal Filing* on page 14 for directions on how to file informally.

### **Postmark Date**

All State tax returns postmarked on or before their due date are considered to be filed on time. Returns postmarked after their due date are considered to be late. When a return is postmarked after its due date, the filing date for that return is the date it was actually received by the State, not the postmark date. Interest on unpaid liabilities is assessed from the due date of the return.

### **Late Filing/Late Payment**

It is an employer's responsibility to file timely and accurate reports and to remit any tax or other payments by the due date. The Division of Taxation and/or the Division of Employer Accounts in the Department of Labor will assess penalties and interest for the late filing of a report or late payment of any gross income tax withholdings or UI/DI contributions.

**Gross Income Tax Withholding**

When gross income tax withholdings are paid after the due date or a return is filed late, the following penalties and interest will be assessed:

**Late Filing Penalty:** 5% per month (or fraction of a month) up to a maximum of 25% of the outstanding tax liability when a return is filed after the due date. A penalty of \$100 for each month the return is late may also be imposed.

**Late Payment Penalty:** 5% of the outstanding tax balance may be imposed.

**Interest:** 3% above the prime rate for every month or fraction of a month the tax is unpaid, compounded annually. At the end of each calendar year any tax, penalties, and interest remaining due will become part of the balance on which interest will be charged.

**UI/DI Contributions**

Failure to file a timely Employer's Quarterly Report, or to remit any UI/DI contributions due will result in the following additional penalties:

**Late Filing Penalty:** \$5.00 per day for the first five days of delinquency. Thereafter, a daily charge of \$5.00 or 20% of the contributions due, whichever is less. For "No Liability Reports" (i.e., when no contributions are due), \$5.00 per day to a maximum of \$25.00.

**Interest:** at the rate of 1.25% per month shall accrue on any unpaid contributions from

the due date until the date payment is received.

**Wage Reporting (Form WR-30)**

An employer that fails to comply with WR-30 reporting requirements will be liable for penalties based on the number of employees who were (a) not reported, (b) not reported completely and accurately, and/or (c) not reported by the due date.

**Penalty Assessments:**

- For the first late, incomplete, or inaccurate report: \$5.00 per employee
- For the second late, incomplete, or inaccurate report filed within eight (8) consecutive quarters: \$10.00 per employee
- For the third and any subsequent late, incomplete, or inaccurate report filed within eight (8) consecutive quarters: \$25.00 per employee

**Adjustments to Form NJ-500, NJ-927, or NJ-927-W****Monthly Remittance (Form NJ-500)**

If an error is made on a monthly remittance (Form NJ-500) which results in an underpayment or overpayment, correct the error by adjusting the amount reported on the following period's remittance. Include an explanation of the adjustment and payment of any amount due as a result of the error. If the adjustment is being made on the subsequent period's monthly remittance, enter on the face of the NJ-500 only the amount after adjustment.

If the error is discovered after the Employer's Quarterly Report has been filed for that quar-

ter, file an amended Employer's Quarterly Report. (see below).

### **Employer's Quarterly Report (Form NJ-927 or NJ-927-W)**

If an error is made on an Employer's Quarterly Report (Form NJ-927 or NJ-927-W) or if an error made on a monthly remittance (Form NJ-500) is not discovered until after the Employer's Quarterly Report has been filed for that quarter, file a new NJ-927 or NJ-927-W clearly marked "AMENDED" in bold letters on the front of the form. Enter the correct amounts on *all* lines of the report, not just the lines that are being changed. Do not report just the difference between what was originally reported and the correct amount. Include an explanation of the adjustment and payment of any resulting amount due. In the case of an underpayment in the prior period, penalty and interest charges are also due. If the adjustment results in an overpayment, request a refund or credit on Line 10 of the amended quarterly report.

### **Informal Filing**

If a registered employer or other withholder does not have the necessary forms, the employer should file on an informal basis until forms are obtained.

**NOTE:** Failure to receive any of the required forms does not relieve a taxpayer from the obligation to file the necessary reports and to remit any tax withheld on time.

To file an informal return, print or type the following information on business letterhead stationery or on a sheet of paper:

- Business name;
- Business address;

- New Jersey tax identification number;
- Type of return being submitted;
- Period covered by the filing;
- Amount of tax being remitted;
- Amount of gross wages paid (quarterly returns only); and
- Amount of UI/DI contributions being remitted (quarterly returns only).

If a payment is required, be sure to write the New Jersey tax identification number, the tax return (e.g., Form NJ-927), and the tax period on the check to ensure that the payment is properly credited.

An informal Employer's Quarterly Report (Form NJ-927 or NJ-927-W) must include a listing of the withholding liability for each month of the quarter, or, in the case of Form NJ-927-W, for each pay period. The informal filing should also include the amount of contributions for unemployment insurance/health care subsidy fund/workforce development partnership fund and disability insurance for the quarter, as well as the amount of any payments made or credits applied during the quarter.

An informal Form WR-30 must list the name, social security number, and gross wages paid for each employee. Also include the total amount of gross wages paid for the quarter, the total number of employees, and the total number of new employees added during the quarter.

Send informal monthly remittances to:

Form NJ-500 — GROSS INCOME TAX  
PO BOX 248  
TRENTON NJ 08646-0248

Send informal quarterly reports to:

Form NJ-927 — GROSS INCOME TAX  
PO BOX 632

or

TRENTON NJ 08646-0632

Form NJ-927-W —

GROSS INCOME TAX  
PO BOX 633  
TRENTON NJ 08646-0633

Send informal employer wage reports to:

Form WR-30 —

NJ DIVISION OF REVENUE  
PO BOX 634  
TRENTON NJ 08646-0634

## Wage and Tax Statements Federal Form W-2

New Jersey employers must provide their employees with a statement (Federal Form W-2) showing the amount of wages paid, the amount of State income tax withheld, and certain other information. New Jersey does not have a separate form to report this wage and tax information. New Jersey employers use the Federal Form W-2 to report both State and Federal wage, income tax, and other important information. Employers should consult IRS Publication 15, *Circular E, Employer's Tax Guide*, for details concerning their Federal reporting responsibilities on Form W-2.

In the "State Wages" box of Form W-2, New Jersey employers must report the total annual amount of wages, tips, and other compensation paid to each employee for services rendered both inside and outside of the State. The amount in the "State wages" box *must include* amounts which are not deductible for New Jersey income tax purposes (even though such amounts may not be included in the "Federal wages" box) such as the following:

- Employee elective amounts contributed to all types of pension plans except IRC section 401(k) plans;
- IRC section 129 dependent care benefits;

- IRC section 137 adoption expense benefits; and
- IRC section 125 cafeteria plan benefits (except a non-cash benefit under a non-salary reduction plan where the cash option is conditioned on the employee having similar coverage from another source).

The amount of State income tax withheld as well as the name of the State (NJ) to which the employer remitted the amounts withheld must also be shown. Amounts deducted and withheld as employee contributions for unemployment insurance/health care subsidy fund/workforce development partnership fund and disability insurance ***must be separately stated*** on the W-2 and clearly labeled. Employers with approved private disability plans must include their private plan number.

For more information on compensation subject to New Jersey withholding, completing Form W-2 for New Jersey employees, and samples of wage and tax statements prepared using the preferred reporting methods, refer to publication NJ-WT.

Employers must furnish a Wage and Tax Statement (Form W-2) for the calendar year (as well as any corrected statement for that year) to each of their employees on or before February 15 of the following year. If an employee stops working and is not expected to return before the year's end, or if the business closes or permanently ceases to have employees, the W-2 must be furnished not later than 30 days after the employee's last payday.

If it becomes necessary to correct a W-2 form after it has been given to an employee, a corrected statement, clearly marked "Corrected by

employer” must be issued to the employee. If a wage and tax statement is lost or destroyed, a substitute, clearly marked “Reissued by employer” must be issued to the employee.

W-2 forms are not available from the State of New Jersey. Copies can be obtained from an IRS District Office or by calling the IRS toll-free at 1-800-829-3676.

wages, or ceased withholding New Jersey income tax.

## **Reconciliation of Tax Withheld (Form NJ-W-3)**

After the end of each calendar year, employers (and other withholders of New Jersey income tax) must file a Gross Income Tax Annual Reconciliation of Tax Withheld (Form NJ-W-3). The reconciliation form is used to report the number of employees or other income recipients; the amount of wages, pension and annuity, or other payments made; and the total amount of New Jersey gross income tax withheld. All registered employers and other withholders of New Jersey income tax will automatically be sent a copy of Form NJ-W-3 in their December forms mailing.

## **Filing Requirements**

Form NJ-W-3 must be filed no later than the last day of February following the close of each calendar year. Employers and other withholders must file Form NJ-W-3 annually to retain their New Jersey withholding eligibility, even if no wages or other payments were made and no tax was withheld during the year. If a business closes or no longer pays wages, or a payer of pensions and annuities or other withholder is no longer required to withhold New Jersey income tax, Form NJ-W-3 must be filed within 30 days after the end of the month in which the business closed, ceased paying



### Completing Form NJ-W-3

**Line 1.** Enter the total number of employees and/or others who received taxable payments during the period covered by the reconciliation.

**Line 2.** Enter the total amount of gross wages, pension and annuity, or other payments subject to New Jersey gross income tax withholding paid to all employees and/or other recipients during the period covered by the reconciliation. The amount entered on Line 2 should agree with the sum of the amounts shown in the “State wages” box on the W-2 forms of all employees, plus the amounts (if any) of all pension and annuity or other payments shown on information returns such as Form 1099 or other Federal recipient statement.

**Line 3.** Enter the total amount of New Jersey gross income tax withheld from the wages of all employees and/or from all pension and annuity or other taxable payments made during the period covered by the reconciliation. This amount should agree with the sum of all amounts labeled “State income tax” on the W-2 forms of the employees and on other information returns issued to recipients of pension and annuity or other payments. The total on Line 3 should also agree with the sum of the amounts reported on Line 7, “Total GIT Withheld” on the employer’s quarterly reports filed during the tax year. An amended quarterly report must be filed for each quarter in which the amount of tax remitted differs from the amount withheld. See *Adjustments to Form NJ-500, NJ-927, or NJ-927-W* on page 13. **Do not request a refund or credit or make a payment with Form NJ-W-3.**

### Reconciliation Packages

When annual reconciliation Form NJ-W-3 is submitted to the State, it must be accompanied by the appropriate enclosures:

- *Employers* – W-2 information for employees on magnetic media or paper copy of Form W-2 (copy 1).
- *Payers of pensions and annuities* – information returns, Form 1099-R (paper copies only), but only those which indicate that New Jersey income tax was withheld from the associated payment.
- *All submissions* – A totaled listing of amounts withheld as reported on the enclosed W-2s, 1099-Rs, etc.

Mail reconciliation packages containing paper copies of Form W-2 and Form 1099-R to:

GROSS INCOME TAX  
PO BOX 333  
TRENTON NJ 08646-0333

Reconciliation packages should be sent separately from Forms NJ-500, NJ-927, and NJ-927-W. For more information regarding reconciliation packages, including mailing instructions for large packages, refer to publication NJ-WT.

### W-2 Information on Magnetic Media

New Jersey requires W-2 wage and tax data submitted on magnetic tape or computer diskette to conform to the specifications defined in the Social Security Administration’s publication MMREF-1, *Magnetic Media Reporting and Electronic Filing*.

Reconciliation packages containing W-2 information on magnetic media must include a sub-



GROSS INCOME TAX — RECONCILIATION OF TAX WITHHELD			
W-2 Filing Method:	<input type="checkbox"/> Magnetic Tape/Cartridge	<input type="checkbox"/> Diskette	<input checked="" type="checkbox"/> Paper (Attach to Form NJ-W-3)
<p style="text-align: center;">I hereby certify that this return, to the best of my knowledge and belief, is a true and correct return.</p> <div style="position: relative; height: 150px;"> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%) rotate(-45deg); font-size: 100px; opacity: 0.5;">VOID</div> </div>			
_____ Taxpayer Signature	_____ Date	_____ Preparer/Firm Identification Numbers	
_____ Preparer Signature	_____ Date	_____ Address	
_____ Firm Name (or yours if self-employed)			

## IRS Form 1099

Copies of information returns on Federal Form 1099 must be filed with New Jersey by: businesses paying interest and dividends (including banks, savings and loan associations, building and loan associations, and savings banks); lessees or mortgagors of real or personal property; fiduciaries; employers; and all other payers of interest, rents, salaries, wages, premiums, annuities, compensation, remuneration, or other gains, profits, or income, when the amount paid or credited to a recipient is \$1,000 or more in a calendar year or if any New Jersey income tax was withheld from the payment.

Payers of pensions and annuities may need to attach copies of Form 1099-R to their Reconciliation of New Jersey Tax Withheld (Form NJ-W-3). See *Withholding from Pension and Annuity Income* on page 20.

## Filing Requirements

Although Form 1099 information returns are due to be filed with New Jersey on or before February 15 following the close of each calendar year, New Jersey will consider these forms timely filed if they are submitted no later than the Federal filing deadline of February 28. The returns must show the amounts paid to, or credited to, the accounts of all those receiving such payments. No summary form need accompany a Form 1099 filing, a letter of transmittal is sufficient.

New Jersey requirements for filing Form 1099 information returns are, in order of preference:

1. A copy of the magnetic tape records for the full calendar year provided to the IRS (using IRS specifications) instead of actual paper 1099 forms, edited to delete listings of recipients of less than \$1,000 (see *Filing 1099s on Magnetic Media* below); or

2. A copy of the magnetic tape provided to the IRS (as above) without deleting recipients of less than \$1,000; or
3. Copies (either an additional carbon or photo-copy) of all paper 1099 forms for the full calendar year submitted to the IRS for amounts of \$1,000 or more; or
4. Copies of all paper 1099 forms submitted to the IRS for the full calendar year (without deleting recipients of less than \$1,000).

Send Form 1099 information with a letter of transmittal to:

GROSS INCOME TAX  
PO BOX 248  
TRENTON NJ 08646-0248

**NOTE:** If an information return (Form 1099 or other statement) indicates that New Jersey income tax was withheld from the associated payment, a *paper copy* of the information return must also be included with Form NJ-W-3. (See *Reconciliation Packages* on page 17.)

### **Filing 1099s on Magnetic Media**

Generally, New Jersey's magnetic tape reporting specifications conform with those established by the Social Security Administration. For specific instructions on filing Form 1099 using magnetic media, write to

IRS MARTINSBURG COMPUTING CENTER  
INFORMATION REPORTING PROGRAM  
230 MURALL DRIVE  
KEARNEYSVILLE WV 25430

or contact an IRS District Office or the IRS Computing Center at 304-263-8700.

**New Jersey Guidelines.** The State participates in a joint program with the IRS that permits taxpayers filing 1099 forms on magnetic tape

who register in the combined Federal/State Reporting Program to file with the Federal government only. The IRS will provide New Jersey with a copy of this information. There are no special notices or requirements in New Jersey for filers to participate in this program. Contact the IRS for additional information.

If a 1099 filer does not wish to participate in the joint reporting program, New Jersey accepts either hard copy or magnetic tape. The information must be a duplicate of, and in the same form as, what was sent to the IRS. No prior approval is required for filing information returns on magnetic tape with New Jersey.

## **Withholding from Pension and Annuity Income**

Payers of pensions and annuities doing business or otherwise registered in New Jersey are required to withhold New Jersey income tax from pension and annuity payments made to New Jersey *residents* if requested to do so by the recipient(s). This requirement applies to all payers of pensions and annuities, both private and public, and to all payments, including lump-sum distributions.

These voluntary withholding requirements apply to any plan intended to supplement the recipient's retirement income such as Individual Retirement Accounts (IRAs), Keogh plans, and Simplified Employee Pensions (SEPs), as well as any plan qualified under IRC Section 401(a). The minimum amount that can be withheld is \$10 per payment. No upper limit is placed on the amount that can be withheld, but it must be an even dollar amount.

If withholding is desired, recipients of pension and annuity payments must complete Form NJ-W-4P, Certificate of Voluntary Withholding of New Jersey Gross Income Tax From Pension and Annuity Payments, to indicate the amount to be withheld. Form NJ-W-4P is contained in publication NJ-WT.

Federal retirees may have State income taxes withheld from their pension checks, change the amount of withholding, change the withholding from one state to another or cancel withholding by calling the Federal government's Annuitant Express at 1-800-409-6528 from a Touch-tone telephone. Retirees who do not have Touch-tone telephones may contact the Federal Office of Personnel Management at 202-606-0500.

The amount of State income tax withheld from pension or annuity payments must be reported on Form NJ-500, NJ-927, or NJ-927-W. The total annual amount of tax withheld from pension and annuity payments (as reported on Form 1099-R) should be included on the Reconciliation of Tax Withheld, Form NJ-W-3. Copies of all pertinent 1099-R forms must be included with the reconciliation package.

Out-of-State payers of pensions and annuities who are registered with New Jersey must withhold New Jersey income tax from payments made to New Jersey residents when asked to do so by the recipient. Out-of-State payers who are not required to be registered in New Jersey may register solely for the purpose of withholding New Jersey income tax for their New Jersey resident pensioners and annuitants.

## **Commuter Transportation Benefits**

To encourage the use of alternative means of commuting (such as public transportation, carpools, vanpools, buspools, ferries, bicycling, walking, etc.), New Jersey provides tax incentives both to employers who provide commuter transportation benefits and to the employees who receive such benefits.

**Employee Benefits.** Employees may exclude from New Jersey gross income a certain amount of employer-provided transportation benefits. To be excludable, the benefits must be provided *in addition to* the employee's regular compensation. The maximum amount an employee can exclude is adjusted annually. (For 2001, up to \$1,175 is excludable and for 2002, \$1,200.)

If an employee receives more than the maximum amount of commuter transportation benefits, the excess amount is taxable and must be included in his or her gross income. Both taxable and nontaxable benefit amounts must appear on the employee's W-2. Taxable benefits are included in the "State wages" figure on the W-2, while nontaxable benefits are not.

**Employer Benefits.** Employers who provide commuter transportation benefits to their employees may receive tax credits which can be applied against their liabilities for New Jersey corporation business tax, savings institution tax, insurance premiums tax, public utility franchise, gross receipts and excise taxes, or gross income tax in the form of reduced partnership income. To claim tax credit for providing commuter transportation benefits, an employer must register with the New Jersey

Department of Transportation. Certain commutation and compliance plans are also required.

## **Ending Business**

An employer who discontinues business or permanently ceases to pay wages, or a payer of pensions and annuities or other payments who is no longer required to withhold New Jersey income tax, must file the following documents with New Jersey within 30 days after the close of the month in which the business, payment of wages, or withholding of New Jersey income tax ceased:

1. Form NJ-927 or NJ-927-W, Employer's Quarterly Report marked "Final Return," and
2. Form NJ-W-3, Reconciliation of Tax Withheld with accompanying W-2s (and/or other recipient statements) and totaled listing of amounts withheld.

**NOTE:** The employer must also furnish each employee with a Wage and Tax Statement (Form W-2) within 30 days after the date of the employee's *last payday*.

For more information on ending a business, request publication ANJ-13, *Ending Your Business in New Jersey*.

**GLOSSARY OF FORMS AND PUBLICATIONS**

<b>Form/Publication</b>	<b>Title</b>	<b>Found In</b>
1099*	Federal Information Return	
NJ-165	Employee's Certificate of Non-Residence	
NJ-500	Monthly Remittance of Gross Income Tax Withheld ...	Mailing to Employers (Quarterly) Mailing to Employers (Quarterly) Mailing to Employers (Annual) Mailing to Employers (Quarterly)
NJ-927	Employer's Quarterly Report.....	
NJ-927-H	Domestic Employer's Annual Report.....	
NJ-927-W	Employer's Quarterly Report ("weekly" payers).....	
NJ-MMREF-1	Specifications for Reporting W-2 Information via Magnetic Media	
NJ-MMREF-S	Magnetic Media Submitter Form for W-2 information	NJ-MMREF-1
NJ REG	New Jersey Complete Business Registration Package	
NJ-REG	Business Registration/Public Records Filing forms .....	NJ-REG (Package)
NJ-W-3	Annual Reconciliation of Tax Withheld.....	Mailing to Employers (December)
NJ-W-4	Employee's Withholding Allowance Certificate (NJ)	NJ-WT
NJ-W-4P	Certificate of Voluntary Withholding of New Jersey Gross Income Tax From Pension and Annuity Payments	
NJ-WT	New Jersey Gross Income Tax Instruction Booklet for Employers, Payors of Pension and Annuity Income and Payors of Gambling Winnings	
REG-C-L	Request for Change of Registration Information.....	NJ REG (Package)
W-2 *	Wage and Tax Statement	
W-2 *	Wage and Tax Statement (New Jersey Examples) .....	NJ-WT
W-4 *	Employee's Withholding Allowance Certificate	
WR-30	Employer Report of Wages Paid.....	Mailing to Employers (Quarterly)

\* Federal Form

**Taxpayers' Bill of Rights**

The New Jersey Taxpayers' Bill of Rights ensures that taxpayers are accorded fair and equitable treatment and receive the information and assistance they need to understand and meet their State tax responsibilities. To find out more, contact the Division of Taxation.

**For More Information**

For more information about your responsibilities as an employer, contact the Division's Customer Service Center at 609-292-6400, e-mail us at **taxation@tax.state.nj.us**, or write to:

NEW JERSEY DIVISION OF TAXATION  
TECHNICAL SERVICES  
INFORMATION AND PUBLICATIONS BRANCH  
PO BOX 281  
TRENTON NJ 08695-0281

Many State tax forms and publications are now available, both by fax and through the World Wide Web. Call NJ TaxFax at 609-826-4500 from your fax machine's phone, or access the Division's home page at: **<http://www.state.nj.us/treasury/taxation/>**





STATE OF NEW JERSEY  
DEPARTMENT OF THE TREASURY  
**DIVISION OF TAXATION**  
**TECHNICAL SERVICES**  
INFORMATION AND PUBLICATIONS BRANCH  
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TRENTON NJ 08695-0281

## ***MISC-1 Employer Responsibilities***

***Rev. 12/01***

# **Employer Responsibilities**

*Rev. 12/01*